EX PARTS OR LATE FILED



Albert M. Lewis, Esq. Federal Government Affairs Vice President

Suite 1000 1120 20th Street, N.W. Washington, DC 20036 202 457-2009 FAX 202 457-2127

April 1, 1998

Ms. Magalie Roman Salas, Secretary **Federal Communications Commission** Office of the Secretary 1919 M. Street, NW Room 200

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FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

Ex parte - CC Docket No. 96-262 - (Access Charge Reform) Re:

Dear Ms. Salas:

Washington, DC 20554

On March 31,1998, Joel Lubin, of AT&T, and I met with Michael Riordan and Patrick DeGraba of the Office of Plans and Policy, and Donald Stockdale of the Common Carrier Bureau. During the discussion, AT&T reviewed its position, as described by Mr. Lubin during his testimony at the en banc hearing on March 6, 1998. In particular, AT&T reviewed its proposal that the Commission delay the implementation of the cost proxy methodology for determining high cost support for the Major LECs, but not that it delay the adoption of a proxy cost model, at least until these companies have opened their markets to robust local competition. AT&T also reviewed the impact of Universal Service and Access Reform on the interexchange industry using the material contained in the enclosed ex parte submission.

Two copies of this Notice are being submitted to the Secretary of the Commission in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Very truly yours,

Allat M. Lew

Enclosure

cc: Mr. M. Riordan

Mr. P. DeGraba

Mr. D. Stockdale

No. of Copies rec'd

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Brian W. Masterson Government Affairs Director MAR 2 4 1998

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY Suite 1000 1120 20th, St. NW Washington, DC 20036 202 457-3803 FAX 202 457-2545 EMAIL bmasters@lgamgw.attmail.com

March 24, 1998

Ms. Magalie Roman Salas Secretary Federal Communications Commission 1919 M Street, Room 222 Washington, DC 20554

Re: Ex Parte Access Charge Reform CC Docket 96-262

Dear Ms Salas:

On March 23, 1998 Joel Lubin, and Paul Malandrakis of AT&T and I met with R. Lerner, J. Scott, and C. Barnekov, of the Competitive Pricing Division of the Common Carrier Bureau. AT&T discussed the impacts of Universal Service and Access Reform on the interexchange industry beginning July 1, 1998. AT&T quantified the impacts of several scenarios as detailed in the attached charts.

Further, AT&T advocated that the Commission, on July 1, 1998, set the LEC Interstate Price Cap Productivity Factor at 9.3% on a going forward basis and re-initialize interstate access prices from July 1, 1995 using the same factor. AT&T estimates that the amount of the July 1, 1998 access reduction for Price Cap companies resulting from the revised productivity factor and the re-initialization to be approximately \$3.6 billion.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two (2) copies of this notice are being submitted to the Secretary of the FCC today.

Sincerely,

Brian W. Masterson

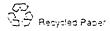
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Attachment

cc: R. Lemer

C. Barnekov

J. Scott



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Brian W. Masterson Government Alfairs Director MAR 2 4 1998

FEDERAL COMMERMICATIONS COMMISSION OFFICE OF THE SECRETARY

Suite 1000 1120 20th, St. NW Washington, DC 20036 202 457-3803 FAX 202 457-2545 EMAIL bmasters@lgamgw.attmail.cc

March 24, 1998

Ms. Magalie Roman Salas Secretary Federal Communications Commission 1919 M Street, Room 222 Washington, DC 20554

Re: Ex Parte Price Cap Performance Review for Local Exchange Carriers CC Docket 94-1

Dear Ms Salas:

On March 23, 1998 Joel Lubin, and Paul Malandrakis of AT&T and I met with R. Lerner, J. Scott, and C. Barnekov, of the Competitive Pricing Division of the Common Carrier Bureau. AT&T discussed the impacts of Universal Service and Access Reform on the interexchange industry beginning July 1, 1998. AT&T quantified the impacts of several scenarios as detailed in the attached charts.

Further, AT&T advocated that the Commission, on July 1, 1998, set the LEC Interstate Price Cap Productivity Factor at 9.3% on a going forward basis and re-initialize interstate access prices from July 1, 1995 using the same factor. AT&T estimates that the amount of the July 1, 1998 access reduction for Price Cap companies resulting from the revised productivity factor and the re-initialization to be approximately \$3.6 billion.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two (2) copies of this notice are being submitted to the Secretary of the FCC today.

Sincerely,

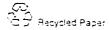
Brian W. Masterson

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Attachment cc: R. Lerner

C. Barnekov

J. Scott



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Brian W. Masterson Government Affairs Director

FEDERAL COMMUNICATIONS OUNGNISSION OFFICE OF THE SECRETARY

Suite 1000 1120 20th. St. NW Washington, DC 20036 202 457-3803 FAX 202 457-2545 EMAIL bmasters@lgamgw.attmail.c

March 24, 1998

Ms. Magalie Roman Salas Secretary Federal Communications Commission 1919 M Street, Room 222 Washington, DC 20554

Re: Ex Parte Federal State Joint Board on Universal Service CC Docket 96-45

Dear Ms Salas:

On March 23, 1998 Joel Lubin, and Paul Malandrakis of AT&T and I met with R. Lerner, J. Scott, and C. Barnekov, of the Competitive Pricing Division of the Common Carrier Bureau. AT&T discussed the impacts of Universal Service and Access Reform on the interexchange industry beginning July 1, 1998. AT&T quantified the impacts of several scenarios as detailed in the attached charts.

Further, AT&T advocated that the Commission, on July 1, 1998, set the LEC Interstate Price Cap Productivity Factor at 9.3% on a going forward basis and re-initialize interstate access prices from July 1. 1995 using the same factor. AT&T estimates that the amount of the July 1, 1998 access reduction for Price Cap companies resulting from the revised productivity factor and the re-initialization to be approximately \$3.6 billion.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two (2) copies of this notice are being submitted to the Secretary of the FCC today.

Sincerely,

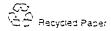
BrownMasterson Brian W. Masterson

Attachment

cc: R. Lemer

C. Barnekov

J. Scott



Scenario Su	ımmary (\$Mil	lions)	Switched
	Base Case	Flat 3 and 4 Qt	@0
sedond cliefter			
	325	325	325
Vallallallheare 3	25	25	25 (
Total Social	350	350	350
A) million for a delication diagrams	: :		
	725	350	561
Secule 40	725	350	561
Results			
A Ref Milite Access Charles	(145)	(661)	(379)
TO USE FOR THE PARTY OF THE PAR	607	23	366
Net Switched	492	(671)	0
LISEPRIVATE LINE	86	3	52
Natindustry	578	(668)	52

Base Case

	1-Jul-98
Per Minute Access Charges PICCs SLCs	(30) (15)
LTS & DEM Flowback Other	582
P-cap Total Per Minute Access	(681) (145)
PICCs	30
Universal Service USF Assessment - Switched* Total Universal Service	607
Net Switched	492
USF Assessment - Private Line* Net Industry**	86 573 <u></u>

^{*}Reflects revised USAC rates for 2nd Quarter and Industry revenue base published on 2/11/98

^{**}Effect of price caps on special access not included due to potential offset by headroom

(Millions) High Cost Fund	1 Quarter 434.1	2 Quarter 431.1	3 Quarter 434.1	4 Quarter 434.1	Total 1,733.4
Low Income	125.3	125.3	136.0	136.0	522.6
Schools and Libraries	300.0	325.0	625.0	625.0	1,875.0
Rural Health Care Providers	25.0	25.0	100.0	100.0	250.0
Interstate only Assessment Rate Funding Revenue	_	556.4	570.1	. 570.1	2,256
Total Rev. Assessment Rate	0.72%	0.76%	1.57%	1.57%	·
Funding					2,125
Revenues	•				183,192
Interstate combined rate	3:92%	3.91%	4.80%	-2-4 :80%	
(Millions)	1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
Total of All Funds	884.4	906.4	1,295.1	1,295.1	4,381.0
IXC Assessment	590.3	598.4	767.6	767.6	2,723.7
IXC-direct socials	137.0	147.6	305.6	305.6	
IXC- direct High costs/Low Income	453.2	450.8	461.9	461.9	
IXC Share + Flowback	785.7	803.0	1,117.3	1,117.3	3,823.3

^{*}Revised to reflect 2nd quarter USAC revenues and contribution factors. Hence, flowback shown

for 2Qtr is what it should have been as opposed to what was available for the LEC 1/1 filings

Flat 3 and 4 Qtr

	1-Jul-98
Per Minute Access Charges PICCs SLCs LTS & DEM Flowback Other	33 (15) 3
P-cap Total Per Minute Access	(681) (661)
PICCs	(33)
Universal Service USF Assessment - Switched* Total Universal Service	23 23
Net Switched	(674)
. USF Assessment - Private Line* Net Industry**	3 (668)

^{*}Reflects revised USAC rates for 2nd Quarter and Industry revenue base published on 2/11/98

^{**}Effect of price caps on special access not included due to potential offset by headroom

(Millions) High Cost Fund	1 Quarter 434.1	2 Quarter 431.1	3 Quarter 434.1	4 Quarter 434.1	Total 1,733.4
Low income	125.3	125.3	125.3	125.3	501.2
Schools and Libraries	300.0	325.0	325.0	325.0	1,275.0
Rural Health Care Providers	25.0	25.0	25.0	25.0	100.0
Interstate only Assessment Rate	3.20%	3.15%	3.17%	3.17%	• • • • •
Fundin	ig 559.4	556.4	559.4	559.4	2,235
Revenue	_	17,652	17,652	17,652	70,455
Total Rev. Assessment Rate	0.72%	0.76%	0.76%	0.76%	
Fundin	g 325	350	350	350	1,375
Revenue	s '44,914	46,093	46,093	46,093	183,192
Interstate combined rate	3:92%	3:91%	as <3.93%	3.93%	
(Millions)	1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
Total of All Funds	884.4	906.4	909.4	909.4	3,609.6
IXC Assessment	590.3	598.4	600.8	600.8	2,390.2
IXC-direct socials	137.0	147.6	147.6	147.6	
IXC- direct High costs/Low Income	453.2	450.8	453.2	453.2	
IXC Share + Flowback	785.7	803.0	805.8	805.8	3,200.3

^{*}Revised to reflect 2nd quarter USAC revenues and contribution factors. Hence, flowback shown

for 2Qtr is what it should have been as opposed to what was available for the LEC 1/1 filings

Switched @ 0

0

	1-Jul-98
Per Minute Access Charges	
PICCs	(13)
SLCs	(15)
LTS & DEM	
Flowback	331
Other	
P-cap	(681)
Total Per Minute Access	(37.8)
PICCs	13
Universal Service	
USF Assessment - Switched*	365
Total Universal Service	365
Net Switched	(0)
USF Assessment - Private Line* Net Industry**	52 52

^{*}Reflects revised USAC rates for 2ndQuarter and Industry revenue base published on 2/11/98

^{**}Effect of price caps on special access not included.

(Millions)	1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
High Cost Fund	434.1	431.1	434.1	434.1	1,733.4
Low income	125.3	125.3	136.0	136.0	522.6
Schools and Libraries	300.0	325.0	461.4	461.4	1,547.7
Rural Health Care Providers	25.0	25.0	100.0	100.0	250.0
Interstate only Assessment Rate	3.20%	3.15%	3.23%	3.23%	
Funding	559.4	556.4	570.1	570.1	2,256
Revenues	17,501	17,652	17,652	17,652	70,45 5
Tatal Day Assessment Date	0.72%	0.76%	1.22%	1.22%	
Total Rev. Assessment Rate					4 700
Funding	•				1,798
Revenues					
Interstate combined rate	3:3:32%	3	4.45%	EG4 4 45 %	
(Millions)	1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
Total of All Funds	884.4	906.4	1,131.5	1,131.5	4,053.7
IXC Assessment	590.3	598.4	698.6	698.6	
IXC-direct socials	137.0				2,585.7
		147.6	236.7	236.7	
IXC- direct High costs/Low Income	453.2	450.8	461.9	461.9	
IXC Share + Flowback	785.7	803.0	985.8	985.8	3,560.2

^{*}Revised to reflect 2nd quarter USAC revenues and contribution factors. Hence, flowback shown

for 2Otr is what it should have been as opposed to what was available for the LEC 1/1 filings

Flat 3 and 4 Qtr Price Cap Reinitialization

	1-Jul-98
Per Minute Access Charges	
PICCs	635
SLCs	65
LTS & DEM	
Flowback	3
Other	
P-cap	(3,157)
Total Per Minute Access	(2,453)
PICCs	(635)
Universal Service	
USF Assessment - Switched*	23
Total Universal Service	23
Net Switched	(3,066)
USF Assessment - Private Line*	3
Net Industry**	(3,063)

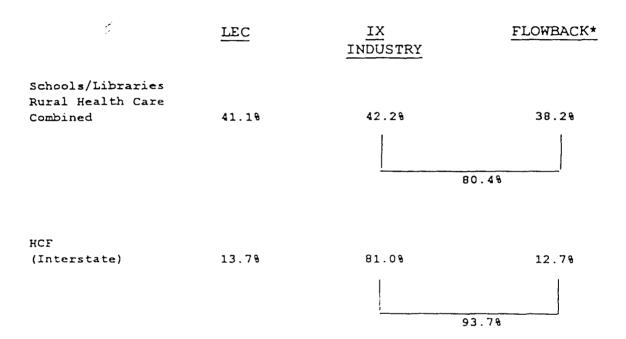
^{*}Reflects revised USAC rates for 2ndQuarter and Industry revenue base published on 2/11/98

^{**}Effect of price caps on special access not included

(Millions) High Cost Fund	• .	1 Quarter 434.1	2 Quarter 431.1	3 Quarter 434.1	4 Quarter 434.1	Total 1,733.4
riigii oost i ana			,			,
Low Income		125.3	125.3	125.3	125.3	501.2
Schools and Libraries		300.0	325.0	325.0	325.0	1,275.0
Rural Health Care Provide	ers	25.0	25.0	25.0	25.0	100.0
Interstate only Assessme	nt Rate	3.20%	3.15%	3.17%	3.17%	
	Funding	559.4	556.4	559.4	559.4	2,235
	Revenues	17,501	17,652	17,652	17,652	70,455
Total Rev. Assessment Ra		0.72%				
	Funding	325	350	350	350	1,375
	Revenues	44,914		•	•	183,192
Interstate combined rate		94 ,3.92%	3.91%	393%	253333%	
•						
(Millions)		1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
Total of All Funds		884.4	906.4	909.4	909.4	3,609.6
IXC Assessment		590.3	598.4	600.8	600.8	2,390.2
IXC-direct socials		137.0	147.6	147.6	147.6	
IXC- direct High costs/Low	Income	453.2	450.8	453.2	453.2	
IXC Share + Flowback		785.7	803.0	805.8	805.8	3,200.3

^{*}Revised to reflect 2nd quarter USAC revenues and contribution factors. Hence, flowback shown

for 2Qtr is what it should have been as opposed to what was available for the LEC 1/1 filings



NOTE: 2nd quarter USAC revenues effective 4/1/98

* Assumed 93% Flowback

REINITIALIZATION OF LEC PRICE CAP PRODUCTIVITY FACTORS TO INTERSTATE LEVELS

ANNUAL TARIFF	REINITIALIZE TO 9.30%
FILING	(\$millions)
1995	(\$1,003)
1996	(\$639)
1997	(\$642)
1998* •	(\$1,358)
TOTAL	(\$3,641)

NOTE: Reinitialization totals based on 1996 Base Year Revenues

^{*} Assume 1998 Annual Filing made with specified X factor.